

HOUSE BILL NO. 723

INTRODUCED BY G. BRANAE

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE LEGISLATIVE COUNCIL TO ASSIGN AN APPROPRIATE INTERIM LEGISLATIVE COMMITTEE TO CONDUCT A STUDY OF METHODS BY WHICH THE STATE, POLITICAL SUBDIVISIONS, AND INDIVIDUALS COULD REDUCE THE AMOUNTS PAID FOR PRESCRIPTION DRUGS; PROVIDING AN APPROPRIATION; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, there are many Montana programs and agencies that either directly purchase or reimburse Montanans for the cost of prescription drugs; and

WHEREAS, some of these programs and agencies are the state employees' health plan, the Montana Medicaid program, the Children's Health Insurance Program, workers' compensation, county and city health plans, the Montana State Hospital, and the Montana Department of Corrections; and

WHEREAS, the total amount spent on prescription drugs by all of these state and local agencies and programs in Montana has not been computed, but there is good evidence that the total amount is in the hundreds of millions of dollars every year; and

WHEREAS, many other states are seeking alternative methods of purchasing, or reimbursing for the purchase of, prescription drugs for public programs in order to lower the cost of the prescription drug bill paid by state and local taxpayers; and

WHEREAS, some of the steps taken by other jurisdictions to reduce their expenditures on prescription drugs include multistate purchasing pools for Medicaid-paid-for drugs, creation of a state pharmacy benefits manager or use of a contract pharmacy benefits manager, use of intrastate or interstate purchasing pools, importing drugs from other countries and reimporting American-made drugs from Canada and elsewhere, negotiating prices directly with pharmaceutical manufacturers, purchase of prescription drugs for state employee retirees as well as for current state workers, provision of drugs through a mail service, and establishment of clinical programs to better manage, or inform beneficiaries with particular medical conditions how to better manage, prescription drug use; and

WHEREAS, states that have taken these and other steps report varying amounts of money saved, but most of the amounts saved have been in the millions or tens of millions of dollars, depending upon the features of the public program involved and the number of persons participating; and

1 WHEREAS, some Montana programs and agencies have taken some but not all of the steps referred
2 to in order to reduce expenditures for prescription drugs; and

3 WHEREAS, it is probable that additional savings in the cost of prescription drugs could be made by a
4 study of cost-saving techniques used by some programs and agencies in this state and in other states; and

5 WHEREAS, because of the potential for further savings in drug purchases for public programs and
6 agencies and also because the laws, policies, and contractual relationships involved in prescription drug pricing
7 are complicated and not always apparent, an interim study is needed to determine whether the existing Montana
8 prescription drug cost-saving programs could be expanded, or the lessons from other jurisdictions applied, to
9 public programs and agencies and individuals in Montana.

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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13 **NEW SECTION. Section 1. Interim committee to study drug purchasing.** (1) An appropriate interim
14 committee of the legislature, as determined by the legislative council, shall conduct a study during the 2005-06
15 legislative interim of the alternatives available to the state and local governments and to individuals to reduce
16 expenditures for the purchase of, or reimbursement of the cost for, prescription drugs.

17 (2) The study must include the examination and consideration of:

18 (a) steps taken by other jurisdictions or entities to reduce the cost of prescription drugs purchased or
19 reimbursed by the jurisdictions or entities, as well as steps taken to reduce the cost of prescription drugs for
20 individuals;

21 (b) creation of one or more interstate or intrastate purchasing pools or the joining of one or more existing
22 purchasing pools;

23 (c) creation of the position of pharmacy benefits manager within state government or contracting with
24 a pharmacy benefits manager;

25 (d) negotiation with prescription drug manufacturers, importers, wholesalers, or retailers for the
26 purchase of prescription drugs;

27 (e) importation or reimportation of prescription drugs from Canada or another country;

28 (f) application of purchasing, discounting, or reimbursement techniques to both current and retired state
29 and local employees;

30 (g) application of purchasing, discounting, or reimbursement techniques for individuals and groups of

1 individuals receiving public assistance from the state or a local government;

2 (h) Montana statutes, rules, and policies, as well as the laws, regulations, and policies of other
3 jurisdictions, that foster or discourage the creation or expansion of a program for increased savings in the
4 purchase of prescription drugs; and

5 (i) creation of a program to assist individuals who are not public employees, former public employees,
6 recipients of public assistance, or beneficiaries of an existing discount purchasing program, to lower the amounts
7 that those individuals pay for prescription drugs.

8 (3) On completion of the study, the committee shall prepare a report of its findings, conclusions, and
9 recommendations, along with any proposed legislation to implement its recommendations, and send copies of
10 the report to the legislature in the manner provided for in 5-11-210.

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12 **NEW SECTION. Section 2. Appropriation.** There is appropriated \$41,859 from the general fund to
13 the legislative services division for the biennium beginning July 1, 2005, for the purposes of studying prescription
14 drug purchasing programs as provided in [section 1].

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16 **NEW SECTION. Section 3.** Effective date. [This act] is effective July 1, 2005.

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